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# TAX FACTS

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## A MESSAGE TO SINGLETAXERS

*By The Executive Committee of The Los Angeles Singletax League*

In 1914 a Singletax amendment to the constitution of California received 267,618 votes, out of a total of 643,252 votes cast. In 1922 a Singletax amendment to the constitution of California received 124,403 votes, out of a total of 639,993. Why? Why did a Singletax measure poll 41.6 per cent of the votes in 1914, and only 19.4 per cent in 1922? What cut this vote to less than half in eight years?

The explanation is simple. The Singletax movement in California was started by a rational group of people who recognized conditions as well as theories. They were imbued with the California spirit. Many of them had known Henry George personally, and some had counselled with him at the time he wrote his great book, Progress and Poverty. These men and women presented the Single Tax idea to the voters in a way they could understand.

The first two measures were for home rule in taxation, but they were attacked and defended as Singletax measures. The first, in 1912, received 169,321 votes; the second, in 1914, polled 267,618. Many of the leading men and women of the State openly supported the amendment, and its popularity grew by leaps and bounds. Had the movement continued under that wise leadership, it would have triumphed in a short time.

But control of the movement fell into the hands of extremists, theorists, doctrinaires, who delighted in announcing strange social doctrines, and in flouting conventionalities. These new leaders, backed by money from outside of the State, discarded the home rule measure that had won so many friends, and put out a measure that was politically impossible. Enough of the old friends remained with the movement to carry the vote to 260,332 in 1916. But after

that the rational element fell away, and the vote dwindled to 124,403 in 1922.

Can any rational Singletaxer, can any man or woman who puts the cause of humanity above his own pride of opinion, longer ignore the necessity of calling a halt to this suicidal course? Can there longer be a doubt in any sane person's mind that the Singletax movement should be restored to methods that the average man and woman can understand and approve?

We have hesitated to take this stand, but we no longer have any choice. The outside dictators of California politics have refused to join in a call for a State conference, and their national organ, the Single Tax Review, declines to print our communications. We have temporized in the hope that our forces could be united. Our desire for harmony, and the steps we have taken to effect a union of Singletaxers have carried us so far outside of our own ideas of the right method for approaching the subject that we have only alienated from us the business men, farmers, professional men, and home-owners who, eight years ago, were getting our point of view, and were voting with us.

This arbitrary infliction of an impossible political program in California, supported by money from outside the State, has divorced from the movement those elements who were with us, and left Singletax measures supported only by irrational groups who are identified in the public mind with such extreme ideas that the very associa-

tion still further alienated the liberal-minded men and women who are ready to go with us. In justice to our philosophy, in justice to the Singletax cause, in justice to Henry George, in justice to ourselves, we are compelled to give up all further efforts at harmony between these two groups that have resulted so disastrously.

#### **An Appeal to Generosity**

We therefore deem it necessary to serve notice to the Singletaxers of the world of this insurmountable difference of opinion between the two groups, and the impossibility of working together without disaster to the movement itself. And we call upon the generous friends who are too far from the scene to understand the local situation, to reconsider their action. If they cannot help forward a rational movement for economic justice in California, we beg that they will not hinder.

Whatever excuse there may once have been for disregarding the advice of those who have kept alive the Singletax philosophy from the time of Henry George himself, the experience of the last six years speaks louder than words, and should carry weight with all who have understanding. Not only is this misdirected generosity and energy failing of its purpose, but it is positively defeating the end its sponsors profess to have in view.

It has alienated organized labor, which formerly supported our measures. It has closed the ears of farmers, who had begun to show a friendly interest. And it has driven away thousands of public spirited men and women who accept our philosophy, but who object to this dogmatic interpretation.

#### **Rational, Not Radical**

In taking this stand it is only fair to say that we make no personal charges. We recognize that in all progressive movements there are two types of mind, actuated by distinct modes of thought. One is radical, or revolutionary; the other is rational, or evolutionary. The one is for an all-at-once policy, regardless of established order. The other favors the step-by-step method, with full consideration for present institutions.

Both groups wish the Singletax at the earliest possible moment. But experience, not alone in California, but throughout the world, has shown that the all-at-once method gets us nowhere. It cannot even hold what has already been won. On the other hand, the step-by-step method has given us the Pittsburg plan, the New York exemption, the Winnipeg land value tax, the Denmark tax, and the advances made in Canada, Australia, and New Zealand.

If the self-styled Committee of the East desires to spend its money in its own territory on impossible measures, that is their affair, and the concern of their neighbors; but we object most strenuously to their sending their money to finance, and agents to direct, a campaign in California in behalf of measures that are destroying the work already done. What is a farce for the Committee of the East is a tragedy to California. If they have no regard for us, we hope, for the sake of what was once our common cause, they will no longer make themselves ridiculous so far from home.

#### **What We Stand For**

In order that there may be no misunderstanding as to our position, either on the part of other Singletaxers, or the public, we declare:

That social progress will be most rapid with a full recognition of private property rights;

That wealth or capital, created by an individual or corporation, belongs to the individual or corporation that creates it;

That taxes levied upon such privately created wealth, or upon the processes or products of industry, business, or agriculture, hamper production, increase the cost of living, and discourage individual effort;

That the unimproved, speculative value of land is not created by individual effort, but by the presence of population, and therefore is the natural subject for taxation;

That as rapidly as possible—consistent with the stability of business—all taxes for revenue should be shifted from wealth, capital, and the processes and products of industry, business, and agriculture, and placed upon the unimproved, speculative value of land;

That this change should be made by exempting one labor product after another, so that each step toward our goal will stimulate business, renew agriculture, increase demand for labor, and remove the fluctuations in employment and production.

In taking this stand we declare that the exemption method of approach is the only one that has any hope of success. And, if unhampered by outsiders, we will convince the voters of California that this method will bring us to a full realization of our ideals, without injury to legitimate business, and without disturbing the elaborate system of credits upon which the social structure rests. To this end we invite the co-operation of all who are willing to support a program in harmony with the thought and interest of the people of California.

## BRITISH UNEMPLOYMENT

The Parliamentary debates have developed a strange state of affairs. Idle laborers receiving government aid number 1,300,000. Trade is dull from overproduction, and the local authorities of the country report a shortage of 800,000 houses. With markets glutted with building materials and labor, one wonders how there can be a shortage of houses. Or with a shortage of houses, how there can be idle labor and stagnant markets.

It appears, however, that there is difficulty in finding places to put the houses when built. George Lansbury said his committee on housing tried to buy a piece of vacant land, but the owner wanted \$18,000. Being vacant the land, according to the English custom paid no local taxes, and when the owner died it was valued for death duties at one-third the price asked the housing committee.

Another member, Mr. Wheatley, related how huts were put up for the soldiers. The government selected a plot of ten acres that had been vacant and untaxed for forty years. The owner, Lord Newlands, showed his appreciation of the soldiers' sacrifices in saving the country by charging the government \$3,570 an acre. When more land was needed, the grateful Lord charged \$13,500 an acre.

The Labor Party is urging as a means of relief that taxes be removed from buildings—which are so much needed—and placed on land values. But the landlords have thus far been able to block this move. It is this situation that lends interest to the report that Lloyd George is about to launch another land reform campaign.

Meantime the country needs houses, building materials lack buyers, land is vacant, and the government pays doles to idle labor. Surely, Alice in Wonderland never saw the like of this.

## TAX AND PENALTY

The Supreme Court, in declaring unconstitutional the Federal tax of ten per cent on child labor products entering into interstate commerce, made this distinction between a tax and a penalty:

The difference between a tax and a penalty is sometimes difficult to define and yet the consequences of the distinction in the required method of their collection often are important. Where the sovereign enacting the law has power to impose both tax and penalty the difference between revenue production and mere regulation may be immaterial, but not so when one sovereign can impose a tax only, and the power of regulation rests in another. Taxes are occasionally imposed

in the discretion of the legislature on proper subjects with the primary motive of obtaining revenue from them and with the incidental motive of discouraging them by making their continuance onerous. They do not lose their character as taxes because of the incidental motive. But there comes a time in the extension of the penalizing features of the so-called tax when it loses its character as such and becomes a mere penalty with the characteristics of regulation and punishment. Such is the case in the law before us. Although Congress does not invalidate the character of employment or expressly declare that the employment within the mentioned ages is illegal, it does exhibit its intent practically to achieve the latter result by adopting the criteria of wrongdoing and imposing its principle consequences on those who transgress its standard.

## NOTES

Oh, it's a merry world; but we are making progress by proving futile one after another the proposals for bettering our condition. If we keep at it long enough there won't be any thing left to try but plain common sense. Then we'll just have to try that—just to show ourselves good sports, willing to try anything, once.—*Stockton Forum.*

\* \* \*

Representative Gus Kasch, of Akron, introduced in the Legislature a bill providing a penalty of one year's imprisonment for all county auditors who fail to get all property on the tax duplicate at its true value in money. As there are 88 county auditors in Ohio, and the prisons are now overcrowded, it would be necessary to build 88 new cells.—*Howard M. Homes.*

\* \* \*

The county auditor (or assessor) has greater power in creating respect or disrespect for the law and our institutions than has any other county or city official. Good administration of a poor law is bad enough, but poor administration of a poor law makes it doubly odious.—*John A. Zangerle, County Auditor, Cleveland, Ohio.*

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Why is a land speculator? A manufacturer makes shoes for the money we give him. The merchant distributes them. The workman performs labor for what he receives. But what does the owner of idle land do for the riches he gets?

"The city of Cleveland has, in round numbers, a land valuation of \$900,000,000 and a population of 886,642—roughly, \$1,000 a head. But the property is held by 85,000. Just about one in ten. Moreover, half the total of \$900,000,000 is owned by 500 people. And the colossal amount of \$300,000,000, one-third of the whole, is in the hands of just 129 families—and they possess the cream of the business section and reap a third of the interest fund, or \$15,000,000. There's one of the world's greatest problems in a nutshell."—*Collier's Weekly.*

The best book to qualify one to vote in the last election was *Progress and Poverty*, by Henry George. The best book to qualify the citizen for the next election is *Progress and Poverty*. The book may be had at this office at 75 cents, reinforced paper (80 cents by mail); or *Progress and Poverty and Tax Facts* for \$1.00.

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## RATIONAL TAX REFORM

In seeking to apply a new principle through political action, the importance of method is second only to that of the principle itself. The proposal may be presented to the people as something strange and revolutionary in its nature, or it may be put forth as an addition to, or modification of, existing laws and institutions that have become familiar through experience and long usage.

This is particularly true of the situation in California. Her tax system is a combination of two radically different and conflicting principles that inevitably breed confusion, and ultimately defeat the end sought. One part of California's taxes is laid according to the benefits conferred upon the individual citizen. The other part, and by far the larger part, is levied according to the citizen's ability to pay.

"The idea of benefit," says Victor Rosewater, editor of the Omaha Bee, and Republican leader, in his monograph on special assessments, "was at one time the controlling factor in the imposition of all public charges." But the same self-interest that led the English barons who held lands of the king on condition of service, to shift that service to a payment of taxes, has led to a confusion of the principle of taxation according to benefit, with the principle of taxation according to ability to pay.

It was to restore the original intent of the tax laws that the system of special assessments was established. Mr. Rosewater shows that as far back as 1427, it was used in England to repair damages to a sea wall. It was used again in 1667, in rebuilding London after the Great Fire. But it is on American soil that the special assessment principle has been developed. So satisfactory, indeed, has it proven to be that it has spread throughout the country, and is now fully recognized as a means of raising revenue.

Among the uses to which the special assessment is put may be mentioned highway construction, paving, grading, sidewalks, sewers, drains, sprinkling, lighting, planting trees, establishing parks, installing water works, and the creation of irrigation and drainage projects. Kansas City built and maintains a park by a tax on the land benefited. Winnipeg, Manitoba, built its 100-mile aqueduct by a tax on land values. In all these instances the tax falls only upon the lands. Improvements and personal property are exempted on the principle that the land alone is enhanced in value by the public service.

Here, then, ready to hand, the friends of rational taxation have a practical means of removing the unjust burdens from industry without shock to the established order, and without running counter to the prejudices of the voters. The citizen accepts the justice and the practicability of the special assessment without question. He willingly pays the same tax for the pavement before his vacant lot that his neighbor pays on a house and lot, because he knows the pavement increases the value of the lot, and not the value of the house.

Show this citizen that other public services produce a similar result, and he will vote to include their maintenance in the same system of taxation. Nor is this difficult to demonstrate. The building of a fine school adds not one cent to the value of a house, nor to the things in the house, for the reason that both house and content can be produced as cheaply in a community where there are schools as where there are none. The same is true of police and fire departments, as well as of all other services rendered by society. All enhance the value of land. And common justice demands that the owner of land who is enabled to collect higher rent, or a higher selling price, because of a public service rendered him, should pay for that service. Man has only to see this truth to admit it.

But to accept the principle of taxation according to benefits is not to say that the change from the present system should be made at a single stroke. Present industrial conditions and institutions are the growth of ages. They have become a part of the people's life and thought. To change them suddenly, and without regard to consequences, would lead to confusion, uncertainty, and panic; and would delay indefinitely all attempts to better social and industrial conditions. The wisdom of experience, no less than of reason, counsels moderation.